

The **Fair Housing Act** makes it unlawful to impose different terms or conditions on a loan (such as different interest rates, points, fees, or down payment requirements) based on:

- ❖ Race or Color;
- ❖ National Origin;
- ❖ Religion;
- ❖ Sex;
- ❖ Familial status; or
- ❖ Handicap (disability).

Violations of the **Fair Housing Act** can be in any type of home loan including home equity loans and home improvement contracts. The **Fair Housing Act** also applies to any person or business that takes part in the loan including brokers, appraisers, and title companies.

If you think you may have been discriminated against, or that you may have a predatory loan, contact:

Indiana Civil Rights Commission
100 North Senate Avenue, N103
Indianapolis, Indiana 46204

Office: (317) 232-2600
Fax: (317) 232-6580
TTY: (800) 743-3333

Toll-free (866) 3 FAIR 4 U
Toll Free: (800) 628-2909
www.in.gov/icrc/

Mitchell E. Daniels, Jr.
Governor of Indiana

Made available by:
Indiana Civil Rights Commission
Public Education & Outreach Information Center
Form AD-001
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INDIANA CIVIL RIGHTS COMMISSION
100 N. SENATE AVENUE, RM. N103
INDIANAPOLIS, IN 46204-2255

AN EQUAL OPPORTUNITY EMPLOYER



INDIANA CIVIL RIGHTS COMMISSION

Protect Yourself



**And Your Home From
PREDATORY
LENDING**

**It's Your Right.
And We'll Help You Fight!**



TONY A. KIRKLAND, EXECUTIVE DIRECTOR

**"Morality cannot be legislated, but
behavior can be regulated."
-- Dr. Martin Luther King, Jr.**

WHAT IS PREDATORY LENDING?

Predatory lending is high cost lending that is unfair to the borrower. Predatory lenders charge higher fees and rates than can be justified by your credit risk, or that you could get from many other lenders.

Predatory lending practices can happen at all stages of a loan including marketing, sales, closing, and after closing.

Predatory lenders often target minority neighborhoods, women, and elderly homeowners.

Research shows that African-Americans and Latinos are more likely to get high-cost loans than white borrowers.

- ❖ In Indiana in 2002, African-Americans were four (4) times more likely than whites to receive a high-cost loan.
- ❖ Latinos were 1.5 times more likely than whites to receive a high-cost loan.
- ❖ Higher-income African-American borrowers were twice as likely to receive a loan from a high-cost lender than lower-income white borrowers.

HOW TO SPOT A PREDATORY LENDER

DON'T TRUST A LENDER WHO:

- ❖ Calls you, comes to your home or sends you a check in the mail.
- ❖ Makes you feel like he is the only one who can help you.
- ❖ Pressures you to sign without reading the loan papers or asks you to sign blank forms.
- ❖ Tells you that you can get a better deal in six (6) months by getting a new loan (refinancing).
- ❖ Changes the loan terms at closing.

DON'T RISK YOUR HOME:

- ❖ Borrow only the amount you need and can afford to repay.
- ❖ Shop around for the best loan.
- ❖ Don't use your home to pay off credit cards, medical bills, car loans, or utility bills.
- ❖ Don't let debt collectors pressure you into refinancing. There may be a penalty if you do (prepayment penalty) and you may also pay the high costs and fees again.

ASK QUESTIONS

- ❖ How much are you paying the lender or broker to make the loan?
- ❖ What is the interest rate?
- ❖ Will the rate ever change? (Rates that change are called adjustable rate mortgages (ARM)).
- ❖ If the rate changes, when will it change, and how high will it be?
- ❖ What is the total amount you will pay over time?
- ❖ How many years will you be paying on the loan?
- ❖ At the end of your payments, will the loan be paid off, or will you still owe money? (A loan with one big payment due at the end is called a balloon loan.)

BE CAREFUL WHAT YOU SIGN:

- ❖ Don't sign blank documents, and get copies of all your loan papers.
- ❖ Be sure what you are signing is what you were promised.
- ❖ Don't be afraid to walk away from a deal -- even from a closing -- if it doesn't seem right to you.